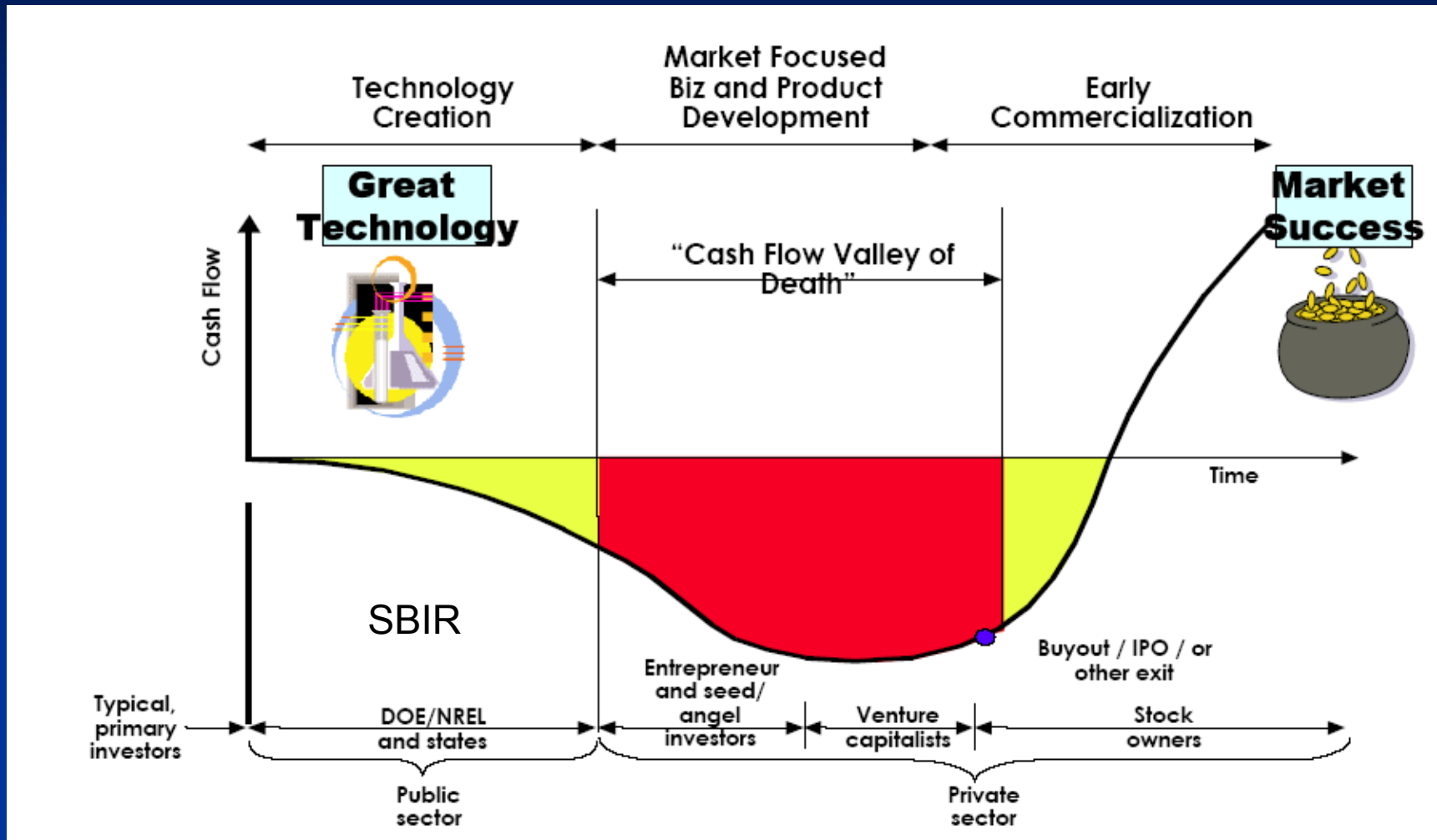


Larry Fenster
Angel Investor
Financing Special Situations

Business Cycle – Cash Requirements



Credit: Mike Murphy - NREL

Later Stage Companies

- Reduced Risks due to Later Stage
 - Technology Proven
 - Market Confirmation
 - Management Team In Place
- Larger Amounts of Investment Capital Required

Investor Issues

- Angels Invest an Average of \$50k/deal + future Rounds
- Groups of Angels (25%)
 - Invest larger amounts ie \$.5 - \$1.0 Million
- VC's – Frequently Start at \$3-5 Million
- GAPS!

Angel & VC Trends

- Angels Making More “Follow On Investments” – fewer seed stage (48%)
- Angels Participating in more “follow on” rounds
- More Angels Investing in Groups (25%)
 - Groups are More Conservative
 - Groups can generate larger Amounts of Capital \$.5 - \$1 million +

Angel Involvement In Later Stage Deals

- Bridges before VC's or Strategic Partners
 - Timing Bridge
 - \$ Gap (Groups?)
- Not all deals will be eligible for VC Funding
 - Angels – 48,000 deals/year
 - VC's - 3,000 deals/year

Entrepreneur's Angel Strategy

- “Bridge” or “Gap” funding
- VC's not available due to company's sector
- Caution – Angel's Impact on Future Rounds
 - Terms and Conditions
 - Clean Capital Structure
 - Assist in Positioning for Future Round

CONCLUSIONS

- Timing of Money/Bridges & Gaps
- Positioning for Future Rounds
 - VC
 - Strategic Partner